

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

October 28, 2020

Company name: MARUWA CO., LTD.  
 Stock exchange listing: Tokyo, Nagoya  
 Stock code: 5344 URL <https://www.maruwa-g.com/>  
 Representative: President and Representative Director Sei Kanbe  
 Inquiries: Executive Officer Tamaki Nozoki TEL 0561-51-0839  
 Scheduled date to file Quarterly Securities Report: November 9, 2020  
 Scheduled date to commence dividend payments: December 4, 2020  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2020	19,533	(4.0)	4,685	12.9	4,644	11.2	3,154	10.0
Six months ended September 30, 2019	20,340	4.6	4,148	(6.1)	4,176	(12.1)	2,868	(11.3)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	255.80	–
Six months ended September 30, 2019	232.51	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	74,181	62,464	84.2
As of March 31, 2020	70,681	59,453	84.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	–	26.00	–	26.00	52.00
Year ending March 31, 2021	–	28.00	–	–	–
Year ending March 31, 2021 (Forecast)	–	–	–	28.00	56.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	36,500	(11.5)	7,900	(15.5)	7,900	(17.0)	5,450	(7.5)	441.94

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2020	12,372,000 shares	As of March 31, 2020	12,372,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	38,198 shares	As of March 31, 2020	40,163 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	12,332,859 shares	Six months ended September 30, 2019	12,334,929 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	29,334,349	32,791,077
Notes and accounts receivable - trade	9,542,199	8,555,814
Electronically recorded monetary claims - operating	1,295,434	1,201,831
Merchandise and finished goods	2,061,801	1,785,452
Work in process	2,393,622	2,475,917
Raw materials and supplies	2,756,758	2,511,785
Other	1,757,311	1,365,837
Allowance for doubtful accounts	(8,180)	(7,959)
Total current assets	49,133,297	50,679,756
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,650,214	12,724,294
Accumulated depreciation	(6,505,584)	(6,695,078)
Buildings and structures, net	6,144,629	6,029,215
Machinery, equipment and vehicles	20,998,043	21,274,287
Accumulated depreciation	(16,567,320)	(16,750,753)
Machinery, equipment and vehicles, net	4,430,722	4,523,534
Land	4,421,234	4,487,945
Construction in progress	3,445,592	5,737,976
Other	3,499,670	3,618,608
Accumulated depreciation	(2,898,143)	(3,050,865)
Other, net	601,527	567,742
Total property, plant and equipment	19,043,706	21,346,414
Intangible assets		
Goodwill	195,975	169,251
Other	254,672	241,947
Total intangible assets	450,648	411,199
Investments and other assets	2,053,978	1,743,712
Total non-current assets	21,548,333	23,501,326
Total assets	70,681,631	74,181,083

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	1,898,714	2,148,717
Electronically recorded obligations - operating	1,619,355	1,779,811
Short-term borrowings	900,000	900,000
Current portion of long-term borrowings	–	266,624
Income taxes payable	827,864	1,371,273
Provision for bonuses	608,949	647,419
Provision for bonuses for directors (and other officers)	63,000	5,500
Other	3,382,929	2,369,151
<b>Total current liabilities</b>	<b>9,300,813</b>	<b>9,488,497</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,200,000	1,733,376
Deferred tax liabilities	351,419	151,897
Other	375,829	342,771
<b>Total non-current liabilities</b>	<b>1,927,248</b>	<b>2,228,044</b>
<b>Total liabilities</b>	<b>11,228,062</b>	<b>11,716,542</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	8,646,720	8,646,720
Capital surplus	11,992,492	11,997,067
Retained earnings	40,526,723	43,360,875
Treasury shares	(239,524)	(228,163)
<b>Total shareholders' equity</b>	<b>60,926,411</b>	<b>63,776,500</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	70,521	131,158
Foreign currency translation adjustment	(1,543,364)	(1,443,116)
<b>Total accumulated other comprehensive income</b>	<b>(1,472,842)</b>	<b>(1,311,958)</b>
<b>Total net assets</b>	<b>59,453,569</b>	<b>62,464,541</b>
<b>Total liabilities and net assets</b>	<b>70,681,631</b>	<b>74,181,083</b>

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

	(Thousands of yen)	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	20,340,966	19,533,722
Cost of sales	12,124,683	10,942,900
Gross profit	8,216,282	8,590,822
Selling, general and administrative expenses	4,067,286	3,905,268
Operating profit	4,148,996	4,685,553
Non-operating income		
Interest income	28,652	26,950
Rental income	47,906	44,858
Other	20,453	33,735
Total non-operating income	97,011	105,545
Non-operating expenses		
Interest expenses	–	1,542
Foreign exchange losses	31,667	101,077
Rent expenses on real estate for investments	26,879	22,958
Other	11,018	21,458
Total non-operating expenses	69,565	147,036
Ordinary profit	4,176,442	4,644,061
Extraordinary income		
Gain on sales of non-current assets	1,059	1,276
Gain on liquidation of subsidiaries	–	11,887
Total extraordinary income	1,059	13,163
Extraordinary losses		
Loss on sales and retirement of non-current assets	28,485	20,583
Loss on valuation of investment securities	27,510	–
Loss related to infectious disease	–	67,802
Total extraordinary losses	55,995	88,385
Profit before income taxes	4,121,506	4,568,839
Income taxes - current	1,367,200	1,269,136
Income taxes - deferred	(113,743)	144,923
Total income taxes	1,253,457	1,414,060
Profit	2,868,049	3,154,779
Profit attributable to owners of parent	2,868,049	3,154,779

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	2,868,049	3,154,779
Other comprehensive income		
Valuation difference on available-for-sale securities	14,422	60,636
Foreign currency translation adjustment	(557,720)	100,247
Total other comprehensive income	(543,297)	160,884
Comprehensive income	2,324,752	3,315,664
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,324,752	3,315,664

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	4,121,506	4,568,839
Depreciation	1,140,487	1,003,185
Amortization of goodwill	26,723	26,723
Increase (decrease) in allowance for doubtful accounts	1,114	4,379
Loss (gain) on liquidation of subsidiaries	–	(11,887)
Loss (gain) on valuation of investment securities	27,510	–
Loss (gain) on sales and retirement of non-current assets	27,425	19,307
Interest and dividend income	(31,607)	(29,448)
Interest expenses	–	1,542
Foreign exchange losses (gains)	(5,929)	577
Decrease (increase) in trade receivables	1,620,188	1,093,242
Decrease (increase) in inventories	1,010,896	444,997
Increase (decrease) in trade payables	(823,121)	204,882
Other, net	207,952	(497,803)
Subtotal	7,323,147	6,828,538
Interest and dividends received	31,608	29,448
Interest paid	–	(1,542)
Income taxes (paid) refund	(1,429,303)	(536,612)
Net cash provided by (used in) operating activities	5,925,452	6,319,832
Cash flows from investing activities		
Net decrease (increase) in time deposits	(1,585)	–
Purchase of property, plant and equipment	(2,081,015)	(3,401,297)
Proceeds from sales of property, plant and equipment	1,038	3,801
Purchase of investment securities	(2,034)	(1,643)
Proceeds from liquidation of subsidiaries	–	34,582
Purchase of intangible assets	(29,023)	(8,428)
Other, net	7,435	(18,846)
Net cash provided by (used in) investing activities	(2,105,184)	(3,391,833)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	800,000
Purchase of treasury shares	(62,145)	(1,167)
Dividends paid	(296,233)	(320,627)
Net cash provided by (used in) financing activities	(358,379)	478,204
Effect of exchange rate change on cash and cash equivalents	(145,095)	48,150
Net increase (decrease) in cash and cash equivalents	3,316,793	3,454,353
Cash and cash equivalents at beginning of period	22,448,629	29,114,590
Cash and cash equivalents at end of period	25,765,423	32,568,944